



**North Carolina Department of Health and Human Services
Division of Mental Health, Developmental Disabilities and
Substance Abuse Services**

Resource/Regulatory Management Section • Accountability Team

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Michael F. Easley, Governor
Carmen Hooker Odom, Secretary

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August 15, 2007

Memorandum

TO: Directly Enrolled and Targeted Case Management Medicaid Providers

FROM: Jim Jarrard, Accountability Team Leader
DMH/DD/SAS, Resource & Regulatory Management Section

SUBJECT: 2007 Medicaid Audits for CAP-MR/DD Medicaid Waiver, New Medicaid Services and Targeted Case Management

Between September 5 and November 1, 2007 the NC Division of MH/DD/SAS will conduct Medicaid audits of CAP-MR/DD Medicaid Waiver services, new Medicaid Services and Targeted Case Management Services. The audit tool and instructions, list of providers to be audited, specific dates of audits for each provider agency and directions to each audit site may be found on the DMH/DD/SAS website listed below.

Please keep this letter throughout the audit process for reference purposes.
Note: All documents required for preparation for this audit event are posted on the

DMH/DD/SAS website:

<http://www.ncdhhs.gov/mhddsas/>



The audit components are listed below:

I. Medicaid Waiver, New Medicaid Services and Targeted Case Management Services Audit Process:

1. For All Medicaid Audits (CAP-MR/DD, New Medicaid Services and Targeted Case Management)

- All events for the CAP-MR/DD Medicaid Waiver, new Medicaid and Targeted Case Management Services audits will be drawn from paid claims dates from March 1, 2007 – July 31, 2007. **These paid claims dates may cover services provided on any date between Feb. 1, 2007 and June 30, 2007. Therefore, service records audited must have required documentation from Feb. 1, 2007 – June 30, 2007.**
- If an event which is included in the audit sample was repaid prior to the provider's receipt of the list of records to be audited, that event will be omitted and the next numbered event from the back-up list will be substituted.
- On the date of the audit, service records must be located at one central site. All individual agencies are responsible for maintaining or arranging the security of their records.
- Once the audit is complete and auditors have left the site, **no additional documentation will be accepted.**
- The Medicaid Audit tools and instructions that will be used to monitor compliance for CAP-MR/DD, and Medicaid services (new services and Targeted Case Management) are posted on the website identified above.
- It is required that each Medicaid provider have staff persons who are familiar with agency records for their audits available at the audit site.
- Service documentation subject to review includes but is not limited to:
 - ✓ **service plans/Plans of Care/PCPs**
 - ✓ **service orders**
 - ✓ **service authorizations**
 - ✓ **service notes/logs**
 - ✓ **staff qualifications**
 - ✓ **staff supervision plans, evidence of supervision taking place, supervision policies**
 - ✓ **criminal record checks / disclosures of criminal records, policies**
 - ✓ **Health Care Personnel Registry checks**
 - ✓ **legal documents related to guardianship and/or the legally responsible person**
 - ✓ **other policies and procedures**
- **Please have all items available for review at the audit site.**
- At the completion of the record review, the audit team will leave copies of the Medicaid events reviewed and found out of compliance. This transaction acts as informal notification of events found out of compliance. Please note that there may be revisions to the on-site findings when the audit tools are reviewed later by an audit team leader.
- Reports will be generated approximately 45 days following the end of the audit period, and will include any requirements for Plans of Correction
- **Requests for reconsideration of Medicaid audit findings are directed to the Division of Medical Assistance (DMA).**

- **Out of compliance findings that represent a systemic issue may require that a Plan of Correction be submitted to the Division of MH/DD/SAS.** Information on the DMH/DD/SAS process for submitting plans of correction will be included in the audit reports.

2. For CAP-MR/DD Waiver Services

- The CAP-MR/DD Waiver service sample will consist of ten (10) primary and five (5) backup events per provider. A total of fifteen (15) events, if available, will be included in each sample.
- The audit sample will be sent via UPS at least 1 week before each audit date. This list will include record name, birth date and Medicaid number.
- A listing of the CAP-MR/DD providers to be audited and the audit site information is posted on the website previously identified.

3. New Medicaid Services and Targeted Case Management

- Twenty (20) randomly selected Medicaid service events will be audited. Twenty-five (25) events will be included in the sample, with five (5) of that number designated as back-up events.
- The audit sample will be sent via UPS at least one week before the audit date. This list will include name, birth date and Medicaid number.

II. Division of Medical Assistance (DMA) Information

- **Once the Medicaid audit is complete, no additional documentation will be accepted for review.**
- This is a targeted audit on a limited sample of issues identified on the Medicaid audit tools. This audit does not represent all the items or issues that may be reviewed by DMA or other entities such as the NC Attorney General's office as allowed by applicable policies, State and Federal Regulations.
- DMA Program Integrity has the authority and responsibility to expand the scope of this audit as necessary to encompass all applicable recoupment or other sanctions.

If you have questions concerning the information in this memorandum, or anything else related to the upcoming 2005 audit/monitoring event, please contact:

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We look forward to a successful audit.

CC: Secretary Carmen Hooker Odom
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